

## SOLID WASTE ALTERNATIVE FUNDING TASK FORCE

SEPTEMBER 20, 2010

### MEMBERS PRESENT

Mr. Curtis Binney (Chairman)  
Mr. Lindell Dorsett  
Mr. Dan Gorden  
Mr. Richard Grier  
Mr. Peter Tarby

### MEMBERS NOT PRESENT

Commr. Welton Cadwell  
Mr. Donald Taylor  
Ms. Brenda Boggs  
Ms. Chloe Gentry

### OTHERS PRESENT

Mr. Sandy Minkoff, Interim County Manager  
Ms. Wendy Taylor, Executive Office Manager, County Manager's Office  
Mr. Jim Stivender, Public Works Director  
Ms. Sarah Taitt, Assistant County Attorney  
Ms. Susan Boyajan, Recording Secretary

### INTRODUCTION, ESTABLISHMENT OF QUORUM, AND APPROVAL OF MINUTES

Mr. Curt Binney, Chairman, called the meeting to order and announced that they had properly noticed the meeting and that a quorum was established. Since some members had not seen the Minutes of September 13, 2010, it was decided that they would defer approval of those minutes until October 4, 2010.

Mr. Gorden related that he would not be able to make any meetings in October.

### COVANTA CONTRACT

Mr. Sandy Minkoff, Interim County Manager, referred to a report involving the City of Harrisburg, Pennsylvania, which was contemplating bankruptcy because of a waste energy facility that is currently operated by Covanta due to large debt and inability to make its payments. He wanted to give the committee an idea about what could happen when something that large goes bad, and he would discuss the important factor of risk at this meeting of high dollar projects that could take down Lake County government. He specified that their general fund was roughly \$40 million, and he pointed out that if they entered a 25-year deal to send their waste to a waste management landfill or built their own facility, they would have the same kind of risks that they would have to analyze as with a waste energy

facility. He noted that they would also be discussing what occurred in 1988 as well as some things they learned while in litigation in the early 2000's. He pointed out that the circumstances in 1988 were a lot different than today, because it was believed at that time that their landfill was full and that it would be impossible to get a new landfill permitted in the State of Florida and enormously expensive to develop, and both state and federal government were encouraging the use of waste to energy facilities by providing substantial tax credits within a certain time period. He noted that the negotiation was done mainly by the county attorney, who had never done a transaction that large or complicated, and that they learned later that compensation for the consultants depended upon the success of the deal. He also noted that Covanta, who was Ogden Martin at that time, had very experienced and strong advisors and attorneys working for their company, and there were others involved in the transaction that were unknown to the County at that time. He related that when the County entered into litigation with Covanta and F. Brown Gregg in the early 2000's, the Board of County Commissioners became heavily involved in the process by attending the negotiation sessions and meeting with Covanta representatives.

Mr. Minkoff pointed out that there was almost no public involvement in 1988 regarding the Covanta deal, since the process was rushed because of tremendous pressure to get those tax credits within the specified time frame, and the Board members did not even see the long 180-page contract with Covanta before the meeting. He suggested that the committee recommend that should the County enter any type of long-term agreement, there should be a lot of public involvement. He commented that as the dollar amount or time period of an agreement increases, the risk would also increase. He also noted that the only risk Covanta wanted to take at that time was to make sure the plant operated as agreed and that they would process the amount of waste that they claimed they could, but they wanted Lake County to undertake any other risk that was involved, and he stated that page 50 of the handout he provided listed a lot of risks to consider. He commented that he believed they needed to understand the risks that they undertake and the impacts of them and to minimize or eliminate those risks to the extent that they could.

Mr. Binney added that there were other reasons that the City of Harrisburg was going bankrupt in addition to the problem with waste, including the fact that 90 percent of property inside their city was nontaxable.

Mr. Minkoff reported that the County was currently subsidizing the Covanta contract by more than 10 percent of their total county operating budget, and he stated that who the opposing party is and their financial strengths would be a big risk to consider as they go forward, which was very hard to evaluate in the current economic climate. He added that the way to protect themselves against those risks would be to get insurance or letters of credit, which were not always foolproof. He explained that the minimum as well as maximum quantity of solid waste per day, month, and year should be considered, and he noted that currently all the risks pertaining to quantity were the County's risks.

Mr. Jeff Cooper, Financial Coordinator for the Solid Waste Division, explained that the recession resulted in the County losing 30,000 tons and a problem meeting the minimum level of tonnage they were responsible for in the contract.

Mr. Minkoff added that the quality of the waste, including the wetness, dryness, and environmental factors of it, was another contractual guarantee and responsibility assumed by the County, and he named other risk factors to consider such as the shut down of the facility, accidents, change of law, technological advances that they could not take advantage of, interest rate, property tax charged to the facility, cost controls on capital improvements, and environmental risks. He added that the County's relationship with Covanta has recently been very good, and they were able to walk away from a renegotiation in 2006 in a positive manner. He reiterated that risk assessment was an important part of the decision making process.

Mr. Gorden commented that it sounded like the City of Orlando was trying to structure a deal where they would have very limited risk, and he wondered what company would put \$100 million or more into a project and assume all of the risks.

Mr. Minkoff commented that the County's technology was very mature and successful and that Covanta was one of the leaders in the world in using that technology, but he did not believe that it would be commercially reasonable for Covanta to invest \$400 million and take 100 percent of the risk.

Mr. Treshler responded that they had to satisfy the financial world to put a financeable deal together that they were willing to bond and certify, which was true of any of the options that the County would make. He commented that Covanta would work very hard with the County for the distribution of the risk to satisfy both parties, and he hoped that they could continue to work well together.

Mr. Tarby asked if the state was getting more restrictive or if they were working with companies like Covanta to try to make things less restrictive and more cost efficient.

Mr. Cooper responded that EPA lowered some modified limitations on what could be emitted, but they were still well above where that facility was. He added that he did not think EPA cared about cost efficiency.

Mr. Treshler added that the greenhouse gas monitoring rules would not affect the facility, since it only affected those that generate 600 tons per day or greater, and the County was excluded from the need to make those changes for additional monitoring, at least until EPA finishes the rules change.

Mr. Minkoff commented that the trend environmentally for the last 20 years has been to get stricter, which was likely to continue, but the achievements that the industry as a whole have made are really remarkable, so it is likely that they would continue to make those improvements. He stated that under the current contract, any of the costs of environmental risk would go to the County.

Mr. Bruna pointed out that the contract with the haulers specifies that the moment the MSW enters the truck, it becomes property of Lake County.

Mr. Minkoff noted that another example of risk inside the hauler contract would be if the hauler picked up hazardous materials from a source that the County had known had put hazardous chemicals in before or did not take steps to stop them.

Mr. Cooper stated that they had to constantly reintroduce information to the public about what is hazardous to show good faith.

Mr. Grier asked if the education position in solid waste had been eliminated or vacated.

Mr. Stivender responded that they relocated the duties to their general education staff, so the same staff that go out to the schools for other uses will be utilized as a combined effort.

Mr. Minkoff clarified that they had two education positions in two different departments, and they have combined their duties into one position and one department, which was a reduction in services.

#### HEART OF FLORIDA MAP

Mr. Stivender explained that the counties that were part of the Heart of Florida were depicted in white on the map that was handed out, with the other counties that were nonmembers and adjacent to Lake County depicted in blue. He noted that the active members are from Alachua down to Orange, almost coast to coast, and the "L's" denoted landfill locations on the map and that Sumter had a "T" that denoted a transfer station. He also pointed out that up in the north end, there was a single new regional landfill in Union County, and all the surrounding counties as well as Levy sends their waste to Union County. He stated that Columbia and Lake City has their own landfill as well as Putnam County. He commented that he wanted to show the committee members what everyone else was doing, and he pointed out that Lake County had a lot more cities than most of those counties did. He stated that many rural counties had many transfer stations, but they did not show every transfer station because it would get complicated and there were a lot of factors involved in that.

Mr. Minkoff explained that the next nearby waste to energy facility would be in Pasco County, and there was one in Hillsborough County as well.

Mr. Debo added that Pinellas County also has a waste energy facility, and there were some in southeast Florida. He commented that all those counties are using the landfill, and Lake County is the only one in that group that has a volume reduction through the waste to energy plant, but they are still using the landfill because they have to do something with the residual ash.

Mr. Stivender pointed out that there was a large waste to energy plant in Tampa and in south Florida.

Mr. Minkoff related that on Page 9 of the report there was a list of all the facilities and their sizes in Florida.

#### SUMMARY OF PREVIOUS MEETINGS

Mr. Stivender asked if there was anything else that the committee would like to investigate or get information on in addition to what has already been presented. He stated that he believed the committee members could start discussing among themselves during the next two meetings about what

they think would be important to think about for the future in a discussion or workshop format, and they could write notes and debate each one of the topics.

Mr. Binney stated that this would be a two-phase process; the first phase was an educational process where the staff would guide the committee to get them as much information as they could on solid waste related matters in Lake County, and as they move forward they would be looking at what the alternatives were, such as whether they run, sell or outsource a municipal landfill and whether to keep using Covanta. He commented that there were a lot of different alternatives that they would look at. He thanked everyone that presented information to the committee and commented that it was very professional and educational. He also commented that they would be presenting a couple of alternatives to the Board of County Commissioners at the end of the process, who are relying on them to go through the most diligent process possible before providing them with that information. He explained that they would rely on staff to lay out the agenda that they would follow, but if there was additional information that the members wanted, they would make a list of things they need for the next meeting in the space for committee comment. He suggested writing an explanation of the flow of solid waste on a whiteboard, including the user, haulers, landfill, and Covanta, as well as what their options were throughout and how their decisions would affect the municipalities.

Mr. Tarby requested that the city managers be invited one more time to the meetings for an opportunity to talk with the committee and to give their input.

Mr. Minkoff stated that he did that last week, and he would do that on a regular basis when they meet the managers once a month for lunch.

Mr. Binney asked Mr. Minkoff if his staff could write up a one or two paragraph summary of each meeting that they could send to the city managers along with the minutes of the meetings once they were approved to keep them updated.

#### NEXT MEETING DATES

Mr. Binney noted that the next meeting would be on October 4 at the Agricultural Center at 3:00 p.m., and the meeting after that was tentatively scheduled for October 18 at 9:00 a.m. at the Agricultural Center, with subsequent meetings on November 1, 15, and 29. He pointed out that November 29 was a Monday following a four-day weekend and asked if everyone wanted to have that meeting on a Monday.

Mr. Dorsett commented that was the last day before the December 1 was due.

Mr. Binney explained that the report would basically be a summation of everything through this meeting, and he would draft an initial report, provide that to Mr. Stivender and Mr. Minkoff for their review by the middle of next month, and bring the committee a draft, with the final report to the Commission on December 7. He reported that they would leave the meeting scheduled for November 29 as is.

PUBLIC INPUT

There was no public input. Mr. Binney recognized the presence of Mr. Curtis Upshaw, Public Service Director, and Mr. Larry Walker, Deputy Public Service Director, from the City of Mascotte.

OTHER BUSINESS

Mr. Grier stated that he wanted to hear more about material recovery facilities and more about the reasoning behind the reduction in the education position. He also asked to address the income and expense of recycling and whether they could break even if they brought more tonnage to recycle.

Mr. Minkoff stated that he did not think they would ever break even on the actual cost, but it could break even if they looked at the cost avoidance of disposal.

Mr. Cooper added that they should think about whether to count ancillary costs, such as the cost of collection.

Mr. Binney stated that once they lay out the flow of solid waste within the County, those points should be allocated to discussions involving those particular areas so that they were relevant to the general discussion.

ADJOURNMENT

The meeting adjourned at 11:40 a.m.